

## City of Milpitas, California

BUDGET CHANGE FORM

Type of Change	From		To	
	Account	Amount	Account	Amount
<b>Check one:</b>				
<input checked="" type="checkbox"/> Budget Appropriation	451-9516104153999 452-2970	\$250,000 \$250,000	451-951610494800 452-3999	\$250,000 \$250,000
<input type="checkbox"/> Budget Transfer				

**Explain the reason for the budget change:**

The 2504 Milpitas Sewer Master Plan identified an eventual Milpitas wastewater capacity need of 13.0 mgd at current general plan land use, including Midtown, build out. The Master Plan estimates that Milpitas would exceed existing capacity of 12.5 mgd in 2015, but also states that due to variations in flows from year to year, capacity may be exceeded as early as 2010. Capacity due to additional approved and anticipated General Plan amendments is estimated at 0.1 mgd, resulting in a total capacity need to 13.1 mgd. Should the Transit Orientated Design be approved, and other General Plan amendments occur, additional capacity would be required.

One agency [West Valley Sanitation District (WVSD)] responded to a staff's inquiry on interest of sale of WPCP capacity. Council subsequently approved joint studies with WVSD to quantify, and establish a fair market price of excess WVSD capacity. As a result of the studies, WVSD has confirmed that they are willing to sell 1.0 mgd capacity right to Milpitas, that would result in a total Milpitas capacity right of 13.5 mgd. Staff recommends proceeding with the acquisition of 1.0 mgd capacity right from WVSD.

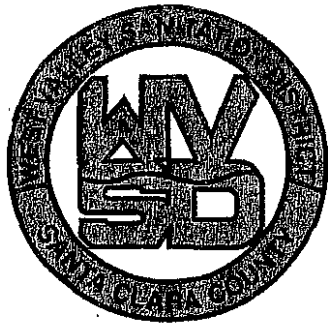
Enclosed in the Council packet is letter from WVSD stating that 1.0 mgd capacity may be available for purchase. The acquisition would need to be approved by the WPCP Treatment Plant Advisory Committee. The estimated cost is \$6,950,000.

Approve a budget appropriation of \$250,000 from Sewer Treatment Plant Fees to the Sewer Treatment Capacity Project (6104) for the estimated costs of additional capacity.

☒ Check if City Council Approval required.

Meeting Date: January 17, 2506

Itemization of funds, if needed:			Amount
Requested by:	Division Head:	Date:	
	Department Head:	Date:	
Reviewed by:	Finance Director: <i>m c Karl</i>	Date: <i>1/10/06</i>	
Approved by:	City Manager:	Date:	
Date approved by City Council, if required:			Confirmed by:



**WEST VALLEY SANITATION DISTRICT  
OF SANTA CLARA COUNTY**

*File: 60,13,24*  
*Copy: Greg Avancado*  
SERVING RESIDENTS OF  
CITY OF CAMPBELL  
TOWN OF LOS GATOS  
CITY OF MONTE SERENO  
CITY OF SARATOGA  
UNINCORPORATED AREA

December 15, 2005

**RECEIVED**

DEC 16 2005

**CITY OF MILPITAS  
ENGINEERING DIVISION**

John Stufflebean, Acting Director  
Environmental Services Department  
200 East Santa Clara Street  
San Jose, CA 95113

Re: Proposed Change to Water Pollution Control Plant Capacity Rights

Dear Mr. Stufflebean:

A recently completed study verified that West Valley Sanitation District has excess capacity rights for wastewater treatment compared to our projected demand for new sewer connections over the next 25 years. At the same time the City of Milpitas has indicated a need for more plant capacity to meet their expected growth during the coming decade. The 'Master Agreement' outlines a procedure for any agency that is party to the agreement to dispose of, or acquire, plant capacity.

The District and the City of Milpitas retained a consultant, RMC Water & Environment Inc., to determine the current replacement cost for capacity as required by the Master Agreement. Based on the results of that analysis both agencies are seeking to proceed with a redistribution of one million gallons of plant capacity early in 2006. Our proposed timeline is to complete the transaction at the beginning of March. This will require a recommendation by TPAC and approval by the "First Parties," the Cities of San Jose and Santa Clara, in February.

I would request that we arrange a meeting between all concerned parties to discuss the process and details of this change early in January. It might be appropriate for your office to coordinate the date and time for such a meeting, but the District is willing to make the arrangements if need be. Please feel free to call me at your convenience if you have any questions concerning this matter.

Sincerely,

  
Robert R. Reid  
District Manager and Engineer

Cc: Mollie Dent, Office of City Attorney, San Jose  
Robin Saunders, City of Santa Clara  
Darryl Wong, City of Milpitas